GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

PUBLIC SERVICES - CT Department - General Administration (Vigilance & Enforcement) Dept - certain irregularities noticed in issuing irregular refunds granted in the case of M/s Ratna Infrastructure Projects (P) Limited, Hyderabad - Preliminary enquiry conducted - Certain irregularities noticed - Recommended for initiation of departmental action against Sri G.Venkateswarlu, the then Joint Commissioner (CT), and presently Additional Commissioner (CT) O/o. Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada - Article of Charges – Issued.

REVENUE (VIGILANCE-II) DEPARTMENT

G.O.Rt.No. 888 **Dated:21-06-2018**

Read the following:-

Ref:-1) Director General (V&E) & E.O. Prl. Secy to Govt., report No.97 (C.No.196/V&E/R1/2014 dt.26.5.2014).
2) From the CCT's Ref.No.V1/179/2014, Dt:16-05-2018.
3) G.O.Ms.No.322, Rev (Vig.II) Dept., Dt.21-06-2018.

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ORDER:

In continuation of the orders issued under Rule 24 of the Andhra Pradesh Civil Services (Classification, Control and Appeal) Rules, 1991 in the reference 3rd read above, it is considered necessary to hold an Inquiry against Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o. Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada in accordance with the procedure laid down in Rule-20 of the Andhra Pradesh Civil Services (Classification, Control & Appeal) Rules, 1991.

2. The substance of the imputations of misconduct / misbehavior in respect of which the inquiry is proposed to be held is set out in the enclosed statement of articles of charges (Annexure-I). A statement of imputations of misbehavior in support of the article is also enclosed as Annexure II. A list of document in which along with list witness by whom the articles of charges are proposed to be sustained is also enclosed in Annexure-III & IV.

3. Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada is directed to submit his explanation within ten (10) days from the date of receipt of this memo i.e., written statement of his defense and to state whether he desires to be heard in person.

4. Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada is informed that an inquiry will be held only in respect of those articles of charges which are not admitted, he should therefore specifically admit or deny each article of charge.

5. Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada is further informed that if he does not submit his written statement of defence on or before the time specified in para-3 above, further action will be initiated based on the material available.

6. Attention of Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial

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Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada is invited to Rule-24 of Andhra Pradesh Civil Services (Conduct) Rules, 1964 under which no Government Servant shall bring or attempt, to bring any political or outside influence to bear upon any superior authority to further his interest in respect of matters pertaining to his service under the Government. If any representation is received on his behalf from another person in respect of any matter dealt with in these proceedings it will be presumed that Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada is aware of such representation and that it has been made at his instance and action will be taken against him for violation of Rule 24 of the Andhra Pradesh Civil Services (Conduct) Rules, 1964.

7. The receipt of this order may be acknowledged.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr.MANMOHAN SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT (CT, EXCISE & R&S) (FAC)

To
Sri G.Venkateswartu, the then Joint Commissioner (CT), and presently Additional Commissioner (CT) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada (**through** the Commissioner of Commercial Taxes, Andhra Pradesh, Eedupugallu, Vijayawada).

Copy to:

The Commissioner of Commercial Taxes, Andhra Pradesh, Eedupugallu, Vijayawada.
The Secretary to Vigilance Commissioner, Andhra Pradesh Vigilance Commission, Velagapudi.
The Revenue (Commercial Tax-I) Department.
SF/SC

//FORWARDED :: BY ORDER//

SECTION OFFICER

ANNEXURE-I

STATEMENT OF ARTICLE OF CHARGE FRAMED AGAINST SRI G.VENKATESWARLU, THE THEN JOINT COMMISSIONER (CT) AND PRESENTLY ADDITIONAL COMMISSIONER(CT) O/o COMMISSIONER (CT) ANDHRA PRADESH, VIJAYAWADA.

ARTICLE OF CHARGE:

That the said Sri Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada committed grave irregularities in granting the refund of taxes of Rs.3,22,99,052/- and Rs.3,06,82,461/- (+) Rs.23,58,623/- in respect of M/s Ratna Infrastructure Projects (P) Limited, Hyderabad for the year 2007-08 and 2008-09 without giving due regards to the provisions under section 22(A), Sec.57 and other relevant provisions of the APVAT 2005, G.O.Ms.No.94 Irrigation and CAD (PW-COD) Department dated 01.07.2003, and failed to exercise due diligence in granting the said, refund of Tax causing loss to the public exchequer and correspondingly allowing unlawful pecuniary gain to an extent of Rs.6,53,40,136/- (Rs.3,22,99,052/- and Rs.3,06,82,461/- (+) Rs.23,58,623/-) for the year 2007-08 and 2008-09 to the dealer. Thus it is a clear case of dereliction of duty, willful negligence and criminal misconduct on the part of the said officer.

Thus, Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada by his above mentioned acts, exhibited indiscipline lack of integrity, devotion to duty, conduct unbecoming of a Government Servant in violation to the provisions under rule 3(1) and (2) of Andhra Pradesh Civil Services (conduct) Rules, 1964.

Dr.MANMOHAN SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT (CT, EXCISE & R&S) (FAC)

SECTION OFFICER

ANNEXURE — II

STATEMENT OF IMPUTATION OF MISCONDUCT IN SUPPORT OF ARTICLE OF CHARGE FRAMED AGAINST SRI G.VENKATESWARLU, THE THEN JOINT COMMISSIONER (CT) AND PRESENTLY WORKING AS ADDITIONAL COMMISSIONER, (CT) OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES, ANDHRA PRADESH,VIJAYAWADA.

It has been brought to the notice of the undersigned by the Director General & E.O. Principal Secretary to Government, General Administration (Vigilance & Enforcement) Department that an enquiry was conducted based on the allegations relating to illegal refund of taxes by Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada to the work contractors i.e., M/s. Ratna Infrastructure Projects (P) Limited, Hyderabad. The enquiry report furnished by the Director General & E.O., Principal Secretary to Government, General Administration (Vigilance and Enforcement) Department reveals that the amount of tax collected at source (TCS), which was added separately over and above the consideration for the execution of work, payable by the contractee was unlawfully refunded. In the instant case, the contractee is a Government contractor i.e., M/s. Ratna Infrastructure Projects (P) Limited, Hyderabad and the estimates procured from the Irrigation Department clearly shows that the amount of tax was separately added to the consideration for execution of works and the same tax, when found to be in excess of the tax liability of the dealer ought to have been fortified as per the AP VAT Rules, but was refunded without going into the full facts of the case.

It is clear case of dereliction of duty, willful act of negligence and criminal misconduct on the part of the said officer, and the details of the case are as under:

The inclusion case of tax component in the estimates as per the G.O. Ms. No.94, Dt.01-07-2003 of Irrigation & CAD (PW-COD) Department the following provisions is permitted to be added in the estimate.

I) Tax at the rate of 2% for items relating to canal digging, lining, repairing road works etc., where the earth work excavation and embankment is involved and for works other than the above, tax at 4% shall be added in the data.

As per G.O.Ms.No.94, addition of tax in the estimates of various Engineering Departments is permitted.

As per the EPC guidelines, the estimates prepared by the contractor shall be deemed to be inclusive of taxes and duties on all the materials that the contractor has to purchase for performance of the contract. Accordingly the Input Tax paid by the contractor on his inputs is also being provide by the Contractee i.e., Government Andhra Pradesh so the contractor is not entitled to claim Input Tax Credit also.

As per the Sales Tax Act provisions, the contractor has to pay tax when the work is executed and transferred to the contractee for payment. This burden is also borne by the Contractee i.e., Government of Andhra Pradesh up on finalization of estimates, the Contractee (Government) making provision for work contract tax i.e., either 4% or 2.8% based on the nature of contract over the Estimated Contract Value (EC), regardless whether the goods involved in works are taxable or not.

The Contractee i.e., Government of Andhra Pradesh being a tax levying and collecting authority, made that tax provision (TCS) in the Government works to comply is own statue (AP VACT ACT — 2005) and collecting it back in the form of book adjustment when payments are made to the contractors.

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Further, having thought that there were possibilities for unjust enrichment to the contractors, the Government carefully inserted exclusive provisions in the APVAT Act 2005 to safeguard its money and issued necessary GOs and Memos and to comply the said GOs and Memo instructions of Government, the Commissioner of Commercial Taxes, issued several clarifications by time to time in this regard.

On perusal of the refund file of M/s Ratna Infrastructure, it was noticed that assessments were made by officers of Commercial Taxes Department for the years 2007-08, 2008-09 & 2009-10. The dealers has executed works relate to Package No.8 of Polavaram Project, Closing of Sunkesula gap (1st stage), Package No.90 of modernization of Mylavaram North Canal, Potireddypadu Project, Pulivendula Branch Canal, GNSS main canal, Dummugudem Project and SRSP works. The dealer had executed civil works during the said period.

The estimates prepared by the Contractee Government Department are found to be inclusive of taxes which are separately earmarked in the estimates. The details of the refunds as alleged to the extent of given illegally to the dealer contractor are as under:

SI. No.	Year	Amount of refund	Name & Designation of Officer	Irregularities observed
1	2007- 08	Rs.3,22,99,052/-	Sri G.Venkateswarulu, the then JC(CT) presently working as Addl.Commissioner (CT).	Approved irregular refunds
2	2008-09	Rs.3,06,82,461/- + Rs.23,58,623/-	Sri G.Venkateswarulu, the then JC(CT) presently working as Addl.Commissioner (CT).	Approved irregular refunds

Thus, by the above mentioned Acts, by the Sri G.Venkateswarlu, the then Joint Commissioner (Commercial Taxes), and presently Additional Commissioner (Commercial Taxes) O/o Commissioner of Commercial Taxes, Andhra Pradesh, Vijayawada while functioning as Joint Commissioner (Commercial Taxes), has showed gross negligence while doing their official duty causing loss of revenue to the State exchequer and resulting in undue enrichment to the contractor dealer and in not obeying the Government orders and as well as instructions of the higher authorities issued from time to time and contravened Rule 3 of the Andhra Pradesh Civil Services (Conduct) Rules., 1964.

Dr.MANMOHAN SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT (CT, EXCISE & R&S) (FAC)

SECTION OFFICER

ANNEXURE – III

LIST OF DOCUMENTS BY WHICH THE ARTICLES OF CHARGES FRAMED AGAINST SRI G.VENKATESWARLU, THE THEN JOINT COMMISSIONER (CT) AND PRESENTLY ADDITIONAL COMMISSIONER (CT), OFFICE OF THE COMMISSIONER OF COMMNERCIAL TAXES, A.P., VIJAYAWADA ARE PROPOSED TO BE SUSTAINED.

1) General Administration (V&E) department Vigilance Report No.97 (C.No.196/V&E/R1/2014 dt.26.5.2014.)

Dr.MANMOHAN SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT (CT, EXCISE & R&S) (FAC)

SECTION OFFICER

ANNEXURE – IV

LIST OF WITNESSES BY WHICH THE ARTICLES OF CHARGES FRAMED AGAINST SRI G.VENKATESWARLU, THE THEN JOINT COMMISSIONER (CT) AND PRESENTLY ADDITIONAL COMMISSIONER (CT), OFFICE OF THE COMMISSIONER OF COMMNERCIAL TAXES, A.P., VIJAYAWADA ARE PROPOSED TO BE SUSTAINED.

- NIL -

Dr.MANMOHAN SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT (CT, EXCISE & R&S) (FAC)

SECTION OFFICER